KX 17

From:	Scott Grandt [sgrandt@AltaMesa.net]
on behalf of	Scott Grandt <sgrandt@AltaMesa.net> [sgrandt@AltaMesa.net]
Sent:	9/3/2018 1:28:11 PM
To:	Hal H. Chappelle [hchappelle@AltaMesa.net]; Tim Turner [tturner@AltaMesa.net]; Kevin J. Bourque [kbourque@AltaMesa.net]
Subject:	RE: Metrics for Barclays

And happy to hop on the phone too if helpful this afternoon / evening. Know we have a lot to unpack here in the slide deck and know how much we've all been trying to get it right.

I just have a block from 245-415 when I'm at the gym. Otherwise can hop on a call.

From: Scott Grandt
Sent: Monday, September 3, 2018 1:27 PM
To: Hal H. Chappelle <hchappelle@AltaMesa.net>; Tim Turner <tturner@AltaMesa.net>; Kevin J. Bourque <kbourque@AltaMesa.net>
Subject: RE: Metrics for Barclays

Before we start spending time on all of this, I don't disagree with the list, but are we really ready to talk about the new pattern IRR? If this just becomes a repeat of what we've said about initial DSU wells it isn't what's needed right now.

I have been thinking for the past few hours and I actually don't think we should show any of the broken out pattern results. We should stick to the legacy graph of 21 patterns vs. type curve. It shows just how much new data we have gotten this year, which is a key point. I know Hal has consistently commented about how we share more data than anyone else. Why do we really want to keep going down that path? None of us would argue that the Straight edge is going to be the new type curve for patterns going forward. I know you don't mean it that way, but it comes off that way when you put it in a slide without also showing a pattern that is a total bust. The only type well I've heard broader sign off on from Mike E has a lower IP and a lower EUR. So if that's where we are heading, I wouldn't be leaning in too much here (even unintentionally) by highlighting 2 good patterns.

Similarly I would eliminate the ESP slide. I know why we are doing ESPs this year (chasing production), but I haven't seen compelling economics for the average esp install. When we looked at the average for the 40 something wells we got an extra 60bbls / day (above starting 100 bbls/ day) for 30-60 days. That doesn't cover a 400k esp. I don't want to keep hitting this point if it turns out next year we do 15-20 instead of 45 because our objective changes.

I think the core message of the conference is:

1)   We have a world class combined upstream and midstream asset
2)   2018 has been a massive year of transition and learning
3)   If we knew then what we know now we'd have forecasted 2018 differently. While we are not ready to adjust / comment on a new type curve or a "pattern" curve, we do know that we underestimated how long water impacts / shut in impacts were hitting offset wells and how patterns clean up
4)   We think the current pace of 8 going to 10 rigs balances accelerating learning for not destroying value through un-optimized development

I really think the key themes for the conference

From: Hal H. Chappelle
Sent: Monday, September 3, 2018 1:01 PM
To: Tim Turner <tturner@AltaMesa.net>; Kevin J. Bourque <kbourque@AltaMesa.net>
Cc: Scott Grandt <sgrandt@AltaMesa.net>
Subject: Metrics for Barclays

Ideally, we want to communicate to investors the following:

- Individual well IRR (average), possibly Pattern IRR in the future?
- F&D Costs, $/BOE
- Recycle Ratio
- LOE/BOE
- Cash Flow, YTD
- EBITDAX / EBITDA, YTD
- Production, YTD and projected
- CAPEX, YTD and projected
- # Wells online, YTD
- $/well delivered
- $/lateral foot delivered

I've highlighted the metrics that we need updated reserves / mean well results / type curves for …. That's really the first three. But the rest of these are candidates to include in a metrics page. Perhaps we use the YE 2017 IRR/F&D/Recycle Ratio since these are done annually with our audited reserves.